



*U.S. Department of Housing and Urban Development
Office of Inspector General for Audit, Midwest
77 West Jackson Boulevard, Room 2646
Chicago, Illinois 60604-3507*

*Phone (312) 353-7832 Fax (312)353-8866
Internet <http://www.hud.gov/oig/oigindex.html>*

**Audit Memorandum
98-CH-202-1809**

April 30, 1998

MEMORANDUM FOR: Joann Adams, Director, Office of Public Housing,
Michigan State Office

FROM: Dale L. Chouteau, District Inspector General for Audit, Midwest

SUBJECT: River Rouge Housing Commission
Low-Income Housing Program
River Rouge, Michigan

We completed a review of the River Rouge Housing Commission's management of its Low-Income Housing Program. We conducted the review in response to a complaint received by the Michigan State Office from a tenant. The objectives of our review were to determine whether the Housing Commission: (1) conducted adequate annual unit inspections; (2) kept its applicant waiting lists as required by HUD, and properly assigned applicants to the units; and (3) used Comprehensive Grant and Drug Elimination Grant Funds in accordance with HUD regulations.

We found the Commission: (1) properly conducted annual unit inspections and corrected the deficiencies noted in the inspections; (2) kept the waiting lists and assigned units in accordance with HUD requirements, and (3) used Comprehensive Grant and Drug Elimination Grant Funds according to HUD regulations and only for eligible purposes.

The River Rouge Housing Commission is a Public Housing Agency organized to provide housing to low-income families. A five member Board governs the Commission. Board members are appointed by the Mayor for five-year staggered terms.

The Commission maintains and operates 300 units in four low-income housing projects. Forty four units are elderly units and 256 units are family units. The Commission's maintenance function is performed by licensed contractors.

The Commission received \$1,591,383 in operating subsidies from 1995 to 1997. The Commission also received \$2,479,655 in Comprehensive Grant funds from 1995 to 1997. In 1995, HUD approved a Drug Elimination Grant for \$150,000.

The Commission's records are at 180 Visger Avenue, River Rouge, Michigan.

To obtain background information, we interviewed HUD's staff from the Michigan State's Public Housing Office. At the Office, we reviewed independent and Office of Inspector General audit reports, operating budgets, and HUD's monitoring reports.

To assess the adequacy of the Commission's operations relating to unit inspections, waiting list, and the use of Comprehensive Grant Drug Elimination Grant funds, we interviewed the Executive Director and applicable Commission staff. At the Commission, we reviewed Housing Quality Standards inspections reports for all the units; work order control systems; vacant unit preparation records; records relating to procurement; contract bid logs; documents supporting Public Housing Management Assessment Program (PHMAP) certifications; applicant waiting lists; eight randomly selected tenant files for applicants housed between May and December 1997; Comprehensive Grant and Drug Elimination Grant accounting records; physical inspection reports provided by both the City of River Rouge and the U.S. Army Corps of Engineers relating to the unit modernization work; and payroll records for personnel paid from Grant funds. We also reviewed appropriate Commission policies and procedures. We inspected a randomly selected sample of ten occupied units to determine whether the Commission's inspections were adequate and if the Commission corrected the deficiencies.

The review covered the period July 1, 1996 through December 31, 1997. We extended the period as necessary. We performed the review between November 1997 and March 1998. We held an exit conference with the Executive Director of the Housing Commission on April 3, 1998 to discuss the results of our review.

Should you or your staff have any questions, please contact me at (312) 353-7832.

Distribution

Acting Secretary's Representative, Midwest District
Senior Community Builder/Coordinator, Michigan State Office
Assistant General Counsel for the Midwest
Director, Public Housing Division, Michigan State Office (2)
Field Controller, Midwest
Director Field Accounting Division, Midwest
Director, Administrative Service Center 1
Assistant to the Deputy Secretary for Field Management, SDF (Room 7106)
Chief Financial Officer, F (Room 10164) (2)
Deputy Chief Financial Officer for Finance FF (Room 10164) (2)
Acquisitions Librarian, Library, AS (Room 8141)
Director, Participation and Compliance Division, HSLP (Room 9164)
Comptroller/Audit Liaison Officer, HF (Room 5132) (5)
General Counsel, C (Room 10214)
Deputy Secretary (Room 10100)
Assistant Secretary for Congressional and Intergovernmental Relations, J (Room 101120)
Deputy Assistant Secretary for Public Affairs, W (Room 10220)
Chief of Staff, S (Room 10000)
Counselor to the Secretary, S (Room 10234)
Senior Advisor to the Secretary for Communication Policy, S (Room 10222)
Assistant Secretary for Housing, H (Room 9100)
Assistant to the Secretary for Labor Relations, (Acting), SL (Room 7118)
Director, Housing and Community Development Issue Area, U.S. GAO, 441 G Street,
NW, Room 2474, Washington, DC 20548 (2)
The Honorable John Glenn, Ranking Member, Committee on Governmental Affairs,
United States Senate, Washington, DC 20515-4305
The Honorable Fred Thompson, Chairman, Committee on Governmental Affairs,
United States Senate, Washington, DC 20515-4305
Ms. Cindy Sprunger, Subcommittee on General Oversight and Investigations,
Room 212, O'Neill House office Building, Washington, DC 20515
Mr. Pete sessions, Government Reform and Oversight Committee, Congress of the
U.S. House of Representatives, Washington, DC 20510-6250
Associate General Counsel, Office of Assisted Housing and Community Development, CD
(Room 8162)